

# **KENTUCKY DEPARTMENT OF EDUCATION**

## **STAFF NOTE**

### **Action/Discussion Item:**

Declaration of Emergency in Frankfort Independent

### **Applicable Statute or Regulation:**

KRS 160.550

### **Action Question:**

Should the Kentucky Board of Education approve a declaration of emergency in the Frankfort Independent School District?

### **History/Background:**

***Existing Policy.*** KRS 160.550 provides that no superintendent shall recommend and no board member shall knowingly vote for an expenditure in excess of the income and revenue of any year, as shown by the budget adopted by the board and approved by the Kentucky Board of Education, except for a purpose for which bonds have been voted or in case of an emergency declared by the Kentucky Board of Education.

School district Annual Financial Reports are due to KDE on July 25<sup>th</sup>. Frankfort Independent School District was expected to report less than a 2 percent balance for the year ended June 30, 2006. However, communication with their independent auditor suggests that a deficit of approximately \$100,000 should now be expected. This is down from a \$391,394 balance (4.94%) at June 30, 2005 and a \$1.174 million balance at June 30, 2004 (16.27%).

Much of this deficit is due to Frankfort Independent's purchase and demolition of property in preparation for a construction project.

The declaration of emergency requires the approval of the chief state school officer for any expenditure, authorization, employment, purchase or contract. The office of District Support Services will provide on-site staff to ensure all required approvals are secured. Additionally, a Management Audit has been conducted to assist the district in the identification and implementation of fiscally responsible practices. The results of the Management Audit will be presented to the Kentucky Board of Education at the December meeting.

**Staff Recommendation and Rationale:**

Staff recommends approving the declaration of emergency. The statutory requirements provide no other option.

**Impact on Getting to Proficiency:**

It would be very difficult for any district to deliver an appropriate education to all students given the financial situation Frankfort Independent is facing.

**Contact Person:**

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Deputy Commissioner

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Commissioner of Education

**Date:**

September 6, 2006